SOUTH EAST COUNTRY VETS

31 Cairnscroft Street, Toogoolawah QLD 4313 | P: 07 5423 1303
80 Hart Street, Blackbutt QLD 4306 | P: 07 4170 0022
16 William Street, Crows Nest QLD 4355 | P: 07 4698 2520

WHAT DOES A TOP 20% BEEF BUSINESS LOOK LIKE?

We recently attended the MLA Beef Up Forum in Esk where we listened to a great panel of speakers focussing on what makes a profitable beef business. We are passionate about making beef production sustainable in this district. To do this, we all need to be open to new ideas and ways of doing things. Most importantly, we need to understand what makes the most profitable beef producers in Queensland successful, so that we can focus on applying these principles in our own enterprises.

Last year MLA released a report which investigated profitability of beef businesses across all regions of Queensland. This is what a highly profitable beef business looks like:

1. THEY KNOW THEIR COST OF PRODUCTION

That is, they know how much it costs to produce 1kg of beef. This can seem like a daunting figure to calculate. However, with the right process it can be a fairly straightforward figure to calculate - after all, all cost and production data needs to be prepared each year for the accountant. MLA has a useful tool to help you calculate this - http://tools.mla.com.au/cop/. This will enable you to identify what areas in your business you need to improve. Cost of production needs to be below $1/kg (based on live weight) to be competitive. Top producers often take this one step further and partake in a benchmarking program, where they can see their own business trends against other similar businesses.

The ways to lower your cost of production are:

- Increase production per animal - improved reproduction rates, reduced mortality, and increased sale weights.
  +1% reproductive rate = +1.5kg beef per AE
  -1% mortality rate = +2.3kg beef per AE
  + 1kg sale weight = 0.2kg beef per AE
  (1 AE=1 450kg steer at maintenance)
- Lower your costs - improve labour efficiency, reduce herd expenses (not to the detriment of production) and reduce your overheads.

2. THEY KNOW HOW TO INCREASE PRODUCTION PROFITABLY

These are the ways in which the top 20% of profitable beef producers maximise production:

- They get one calf per cow per year - i.e. per 365 days (not 380...)
- Conception rates are >90% and weaning rates are very high.
- They have fertile bulls. Bulls are tested annually at least 2 months prior to joining. Any sub fertile bulls are culled and replaced with fertile ones.
- All bulls are vaccinated for Vibrio.
- They only buy bulls that have high EBV scores for fertility.
- They pregnancy test their cows two months after the bulls have been taken out.
- They know the pestivirus status of their herd and manage this risk with PI exposure and or vaccination
- They wean according to cow body condition score - they ensure cows are in a condition of at LEAST 3 at weaning so that they can hold this condition or improve to 3+ at calving.
- All steer weaners are vaccinated with 5 in 1.
- All heifer weaners are vaccinated with 7 in 1.
- All cows have a 3+ condition score at calving.
- They control mate and have a calving interval of 60 days.

- Timing of mating works with the season - start August finish by October so that any rain between Oct-Dec will encourage a spring flush to ensure cows cycle.
- Heifers are put to the bull earlier than cows - 2 cycles or 42 days earlier.
- They understand nutritional requirements of their cattle and they measure deficiencies through dung sampling at different times of the year to work out the right supplementation program.
- They supplement all cows with a cost effective mix to maintain BCS 3+ at calving.
- They control graze their paddocks. They manage their grass to maximise the quality and quantity of pasture through rest and rotation of paddocks and they monitor ground cover and species variation.
- They match their stocking rate to their carrying capacity. They achieve this with regular feed budgeting.
- They have clear cost effective strategies for parasite control including worms, ticks, and buffalo fly.
- They are clear on the specifications and requirements for the market they are targeting.

3. THEY KEEP COSTS LOW WITHOUT NEGATIVELY AFFECTING PRODUCTION

- They keep a close eye on enterprise or herd costs ensuring they are spending money on the things that will give them the greatest return - bull testing, preg testing, vaccinations, cost effective supplementation.
- They have a tight control of overhead or fixed costs.
- They calculate the return on investment (ROI) for any future capital purchase to make sure they get a good return.
- They have excellent labour use efficiency. When calculating cost of production they include an unpaid labour component for themselves ($70k). The benchmark is 1 full time equivalent managing 1500 Animal Equivalents (AE)(1 AE is the equivalent of running a 450 kg steer at maintenance). This equates to around 1000 breeders.

If you would like some advice on your own operation to maximise production, please feel free to book in a Herd Health Check with us.

If you are interested in participating with the Grazing Best Management Practice program - a free program for beef producers in this area to deliver best management practices call Bruce Lord.

If you are interested in attending the Business Edge program delivered by MLA please call 1800 023 100